

- 1 Reggie maintains a petty cash book using the imprest system. The imprest amount is \$250 and is restored on the first day of each month.

All payments of less than \$50 are made from petty cash.

All cash receipts of less than \$50 are paid into petty cash.

On 1 April 2026, Reggie had \$133 in his petty cash box. He provided the following information for April 2026.

- April 1 Restored petty cash imprest from the business bank account
- 5 Paid \$40 to Greta, a trade payable
- 9 Paid \$16 for cleaning materials
- 15 Received \$31 from Awez, a trade receivable
- 20 Paid \$11 for postage
- 27 Paid \$42 wages to the cleaner of the business premises
- 29 Paid \$23 for printer paper

REQUIRED

- (a) Prepare Reggie's petty cash book for the month of April 2026.

Balance the petty cash book and bring down the balance at 1 May 2026.



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Reggie
Petty cash book

total
received
\$

date
2026

details

total
paid
\$

cleaning
\$

office
expenses
\$

ledger
accounts
\$

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The amount of cash drawn from the bank account to restore the imprest on 1 April has been omitted from the cash book. When Reggie received his bank statement dated 30 April 2026, he identified an unpresented cheque for \$390 and an uncredited deposit of \$450. The bank balance shown on the bank statement is a positive balance of \$982.

REQUIRED

(b) Calculate the bank balance which was shown in the cash book at 30 April 2026.

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Reggie is considering using petty cash for receipts and payments of under \$10 **only**. All other receipts would be required by bank transfer and all other payments would be made by bank transfer. The imprest amount would be reduced to \$100.

REQUIRED

- (c) Advise Reggie whether or not he should require that all receipts over \$10 are made by bank transfer and make all payments over \$10 by bank transfer. Justify your answer by providing both advantages **and** disadvantages of making this change.

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[Total: 20]



Question	Answer	Marks
1(b)	<div style="text-align: right; margin-right: 20px;">\$</div> <div style="display: flex; justify-content: space-between;"> <div> Balance on bank statement Add uncredited deposit <hr style="width: 100px; margin: 2px 0;"/> Less unrepresented cheque <hr style="width: 100px; margin: 2px 0;"/> Restoration of petty cash Cash book balance <hr style="width: 100px; margin: 2px 0;"/> </div> <div style="text-align: right;"> 982 450 1 432 390 1 042 117 1 159 </div> <div style="text-align: right;"> (1) (1) (1) OF (1) OF </div> </div> <p>Accept alternative presentation</p>	4
	<p>Guidance</p> <ul style="list-style-type: none"> For marking purposes, labels for figures have been ignored and the relationship between figures has been given importance. The response should have a starting point, otherwise (0) marks If the response uses an incorrect figure for the starting point, it may get marks for individual items but will not get OF mark. If the response starts with minus 982, it may get marks for individual items, provided they are treated correctly on a minus starting figure, but (0) OF answer If the response treats the item incorrectly, it can still get OF answer Restoration of petty cash of 250 gets (1) OF if it is OF from 1(a) on 1 April; otherwise (0) for that item 	

Question	Answer	Marks
1(c)	<p>Advantages Less cash kept on the premises/safer/less risk of theft or fraud (1) Less time spend going to bank/counting money (1) Easier to transfer money/ easier to keep track of transactions (1) Bank transfers may be quicker (1) More convenient for customers/suppliers / improve relationship with customers/suppliers (1) Accept other valid points Max (3)</p> <p>Disadvantages Some customers/suppliers may prefer cash/ damage relationship with customers (1) Some customers/suppliers may not have a bank account (1) Bank charges may increase (1) Useful to keep cash for unexpected expenses (1) The cleaner may prefer to receive wages in cash (1) Accept other valid points Max (3)</p> <p>Max (4)</p> <p>Recommendation (1)</p>	5
	<p>Guidance</p> <ul style="list-style-type: none"> • Need one point for and one against to be awarded the mark for recommendation • For converse comments, award (1) not (2) marks • A comment on the relationship must be expanded to get the mark 	